

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2013-10

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 3, QUESTION 5
(November 1, 2013)

The Postal Service hereby files its response to question 5 of Chairman's Information Request No. 3, issued on October 18, 2013. The question is stated verbatim, and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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5. Please refer to USPS-LR-R2013-10/2, Excel file: CAPCALC-STD-R2013-10. Please confirm that the Standard Mail workpapers do not include volumes or rates related to the Mobile Technology Promotions and the Earned Value Reply Mail Promotion that were approved in Docket No. R2013-1. If confirmed, please provide updated Standard Mail workpapers that include these omitted Standard Mail rate categories. If not confirmed, please explain.

RESPONSE:

Confirmed that the volumes are not broken out separately for these promotions. Ten spreadsheets are filed with this response, showing the requested information. However, the Postal Service does not believe that the CPI Authority used shown in the CapCalc spreadsheet should be used as the actual cap impact. Instead, the Postal Service follows the Commission's approach in Order No. 1743, at 16 (June 10, 2013), that no price cap calculation is needed if the Postal Service simply continues promotions from one year to the next. See United States Postal Service Notice of Market-Dominant Price Adjustment, at 10-11 (September 26, 2013). Additional information about the 10 spreadsheets filed with this response follow.

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Overview of the ChIR No. 3, Question 5 Response Workpapers

The workpapers filed with this response consist of the following eight Excel workbooks.

1. ChIR3.Qu5.Resp.CAPCALC.Promotions.xls
2. Emerging Tech Promo-R2013-1.xls
3. Holiday Mobile ShopPromo-R2013-1.xls
4. Mobile Coupon_C2C Promo-R2013-1.xls
5. Emerging Tech Promo-R2013-10.xls
6. Holiday Mobile Shop Promo-R2013-10.xls
7. Mobile Coupon_C2C Promo-R2013-10.xls
8. Promotions Data.xls

Workbooks 2 – 7 present the data for the promotions that were included in Docket No. R2013-1. The Holiday Mobile Shopping promotion data are used as a proxy for the Mobile Buy It Now promotion data, as this latter promotion is just starting. The workbooks follow the same methodology in calculating revenue forgone. In all these workbooks, tabs 'Revenue Forgone Comm LFP', 'Revenue Forgone NP LFP', 'Revenue Forgone Comm HD SAT CR', and 'Revenue Forgone NP HD SAT CR' calculate revenue forgone using hybrid year (Q4 2012 - Q3 2013) volume.

Workbooks 2 – 4 calculate revenue forgone using hybrid year volumes and Docket No. R2013-1 prices. Each workbook contains a methodology description which can be found in the first tab 'Description'. These workbooks also used promotions volume data which come from excel workbook 8 - 'Promotions Data.xls'.

Workbooks 5 – 7 calculate revenue forgone using hybrid year volumes and Docket No. R2013-10 prices. Similar to above, each workbook contains a methodology

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description which can be found in the first tab 'Description', and volume data for the promotions come from excel workbook 8 - 'Promotions Data.xls'.

Workbook ChIR3.Qu5.Resp.CAPCALC.Promotions.xls performs revenue calculations to determine the average price increases by product for Standard Mail resulting from the prices in this filing, and incorporating the revenue forgone calculated in files 2 – 7. Tabs 'LFP Revenue@Current Prices' and 'HD-Sat-CR Revenue@Curr. Prices' use revenue forgone calculated in workbooks 2 – 4. Tabs 'LFP Revenue@New Prices' and 'HD-Sat-CR Revenue@New Prices' use revenue forgone calculated in workbooks 5 – 7.